

Message Text

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 2263

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6. A.AGRICULTURE - AT ITS MEETING OF 20 DECEMBER 1976, GROUP AGRICULTURE AGREED ON A NUMBER OF PROCEDURAL ISSUES TO FACILITATE DISCUSSIONS ON AGRICULTURAL ISSUES IN MTN FORA WITHOUT PREJUDICE TO ANY QUESTION OF THE FORUM OR FORA IN WHICH SUCH ISSUES MAY BE RAISED OR NEGOTIATED, THEREBY PRESERVING THE U.S. OR EC POSITION ON THIS FUNDAMENTAL QUESTION.

B. SPECIFICALLY, THE AGRICULTURE GROUP AGREED TO REVIEW THE APPLICABILITY OF THE DRAFT STANDARDS CODE TO AGRICULTURAL PRODUCTS AT ITS NEXT MEETING IN LATE MARCH; TO ADOPT PROCEDURES FOR REPORTING AND CIRCULATING THE RESULTS OF BILATERAL CONSULTATIONS HELD UNDER "OTHER PRODUCTS" PROCEDURES, AND; TO GIVE ITS APPROVAL TO THE NON-TARIFF MEASURES GROUP TO SUPPLEMENT THE TARIFF RATE INFORMATION FILE WITH NON-TARIFF MEASURES ON PRODUCTS WITHIN BTN CHAPTERS 1-24 AND TO ADOPT A NOTIFICATION AND CONSULTATION PROCEDURE FOR NON-TARIFF MEASURES ON AGRICULTURAL PRODUCTS NOT BEING DEALT WITH MULTILATERALLY ELSEWHERE.

C. WITH REPORTING PROCEDURES AGREED, THE U.S. CAN PROCEED WITH CONSULTATIONS UNDER "OTHER PRODUCTS" PROCEDURES. TO DATE, THE U.S. HAS RECEIVED NOTIFICATIONS AND REQUESTS FOR CONSULTATIONS FROM ELEVEN COUNTRIES AND SUBMITTED NOTIFICATIONS TO THIRTEEN COUNTRIES, IN BOTH INSTANCES INCLUDING THE EC, UNDER THESE PROCEDURES. THE U.S. HAS LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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ALREADY HELD CONSULTATIONS WITH CANADA AND THE REMAINING CONSULTATIONS HAVE BEEN SCHEDULED FOR LATE FEBRUARY THROUGH MARCH.

D. THE ADOPTION BY THE NON-TARIFF MEASURES GROUP OF A NOTIFICATION AND CONSULTATION PROCEDURE FOR "NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY" HAS ENABLED THE U.S. TO SUBMIT THE BALANCE OF ITS NOTIFICATIONS ON MEASURES OTHER THAN QRS AND TO SCHEDULE CONSULTATIONS IN THE AGRICULTURE GROUP, THE NON-TARIFF MEASURES GROUP, OR THE QR SUBGROUP, WHEREVER THE OTHER COUNTRY IS READY AND WILLING TO CONSULT.

7. A. SAFEGUARDS - IN LATE OCTOBER 1976, GROUP SAFEGUARDS HEARD PRELIMINARY REACTIONS BY A LARGE NUMBER OF MTN PARTICIPANTS TO THE U.S. COMPREHENSIVE PROPOSAL FOR A MULTILATERAL CODE TO SUPPLEMENT ARTICLE XIX OF THE GATT, COUPLED

WITH AGREEMENT ON CERTAIN BROADER GATT OBLIGATIONS TO DEAL WITH EXISTING OPPORTUNITIES TO TAKE SAFEGUARD ACTION WHILE BYPASSING THE BASIC SYSTEM. THESE INITIAL RESPONSES WERE CONSTRUCTIVE AND SUGGESTED THAT THE U.S. PROPOSAL MIGHT OFFER A USEFUL NEGOTIATING VEHICLE FOR FUTURE WORK BY THE GROUP. SEVERAL LDCS SAID THEY VIEWED EARLIER, SPECIFIC SUGGESTIONS THEY HAD MADE FOR IMPROVING THE SAFEGUARDS SYSTEM AS "COMPLEMENTARY" TO THE U.S. PROPOSAL. THE GROUP'S FEBRUARY 1977 MEETING CONCLUDED THE PRELIMINARY DISCUSSION OF POSSIBLE ELEMENTS OF A REVISED MULTILATERAL SAFEGUARDS SYSTEM, AND BEGAN THE TRANSITION TO ACTUAL NEGOTIATIONS.

B. AT THE FEBRUARY MEETING, THE GROUP HEARD SOME FURTHER SPECIFIC DEVELOPED-COUNTRY REACTIONS TO THE U.S. SAFEGUARDS PROPOSAL AS WELL AS ELABORATION OF SOME OTHER DC POSITIONS. THE GROUP INITIALLY FOCUSED, HOWEVER, ON LDC PROPOSALS FOR ELEMENTS OF A MULTILATERAL SAFEGUARDS SYSTEM TO ENSURE SPECIAL AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES;
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THIS WAS IN RESPONSE TO MOUNTING LDC DISSATISFACTION OVER A LACK OF REACTION BY DEVELOPED COUNTRIES TO THOSE LDC PROPOSALS ON THE TABLE SINCE 1973. WITH DEVELOPED COUNTRIES MAKING EXTENSIVE COMMENTS FOR THE FIRST TIME ON THESE PROPOSALS, LDCS WERE PREDICTABLY UNHAPPY TO HEAR THEIR EXTREME DEMANDS WERE NOT ACCEPTABLE, BUT WERE ENCOURAGED THAT DVS ARE "GETTING READY TO DO BUSINESS." THE U.S. ENUMERATED A SERIES OF "ISSUE CLUSTERS" IN ORDER TO BRING OTHERS TO RECOGNIZE WHERE CONCRETE PROPOSALS AND WRITTEN CONTRIBUTIONS WOULD HELP MOVE NEGOTIATIONS ALONG. THIS GROUPING OF ISSUES BECAME THE BASIS FOR AN AGREED PROGRAM FOR THE GROUP'S FUTURE WORK, WHICH IS SCHEDULED TO RESUME IN EARLY MAY. THE U.S. IS HOPEFUL THAT A DRAFT NEGOTIATING DOCUMENT WILL BE DEVELOPED BY THIS

SUMMER BASED ON THE POSITIONS WHICH DELEGATIONS WILL HAVE
PUT FORWARD.

8. A. GATT REFORM - FOLLOWING EXTENSIVE CONSUATIONS AND
DISCUSSION ON A PROPOSAL BY BRAZIL, THE TRADE NEGOTIATIONS
COMMITTEE ESTABLISHED A NEW MTN NEGOTIATING GROUP IN
NOVEMBER 1976 TO CONSIDER "IMPROVEMENTS IN THE INTERNATIONAL
FRAMEWORK FOR THE CONDUCT OF WORLD TRADE, PARTICULARLY WITH
RESPECT TO TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES
AND DIFFERENTIAL AND MORE FAVORABLE TREATMENT TO BE ADOPTED
IN SUCH TRADE." THE U.S. HAD CONDITIONED ITS ACCEPTANCE OF
THE NEW GROUP ON THE NEED TO AVOID OVERLAP WITH WORK ALREADY
UNDERWAY ELSEWHERE IN THE MTN, THE NEED TO OBSERVE THE OVERALL
TIME SCHEDULE FOR THE MTN IN DESIGNING A WORK PROGRAM, AND
THE IMPORTANCE OF HAVING A BALANCE OF FRAMEWORK GROUP TOPICS
OF INTEREST TO BOTH DEVELOPED AND DEVELOPING COUNTRIES. THESE
REQUIREMENTS WERE MET IN THE LANGUAGE OF THE TNC DECISION
ESTABLISHING THE GROUP AND IN THE CHAIRMAN'S SUGGESTED WORK
PROGRAM.

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B. WITH THE FORMATION OF THE FRAMEWORK GROUP, AND A LARGE
MEASURE OF AGREEMENT ON THE SUGGESTED WORK PROGRAM, THREE
ADDITIONAL "TRADE REFORM" AREAS HIGHLIGHTED IN THE TRADE
ACT OF 1974 ARE NOW MOVING INTO NEGOTIATION: GATT PROVISIONS
GOVERNING THE USE OF EXPORT RESTRICTIONS; TRADE MEASURES
TAKEN FOR BALANCE OF PAYMENTS PURPOSES; AND THE BROADER
ISSUE OF CONSULTATION, SURVEILLANCE, AND DISPUTE SETTLEMENT
IN THE INTERNATIONAL TRADING FRAMEWORK. AS SUGGESTED IN THE
TNC CHAIRMAN'S PROPOSED WORK PROGRAM, THE GROUP WILL ALSO
CONSIDER ASPECTS OF THE TRADING FRAMEWORK OF SPECIAL INTEREST
TO DEVELOPING COUNTRIES, SO THAT THE OVERALL PROGRAM OF
WORK FOR THE GROUP REPRESENTS A BALANCE OF INTERESTS AMONG

MTN PARTICIPANTS AND A POTENTIALLY USEFUL MIX OF NEGOTIATING POSSIBILITIES. FOLLOWING THE INITIAL, ORGANIZATIONAL MEETING OF THE FRAMEWORK GROUP IN MID-DECEMBER 1976, THE U.S. HELD A SERIES OF BILATERAL DISCUSSIONS WITH KEY DEVELOPED-COUNTRY AND LDC DELEGATIONS. MANY PARTICIPANTS STILL APPROACH CAUTIOUSLY THE QUESTION OF REVISING THE TRADING RULES, AND THIS ATTITUDE HAS BEEN REFLECTED IN A NUMBER OF QUALIFICATIONS AND RESERVATIONS BY DELEGATIONS REGARDING VARIOUS ELEMENTS OF THE SUGGESTED WORK PROGRAM. AS THE GROUP EMBARKS ON SUBSTANTIVE WORK, BRAZIL HAS DELIVERED SWEEPING PROPOSALS FOR CHANGING THE "GROUND RULES" OF WORLD TRADE, WHILE THE U.S. HAS COUNTERED WITH A COMPREHENSIVE PROPOSAL FOR FOCUSING THE GROUP'S WORK INITIALLY ON PROBLEMS AND PRACTICES WITHIN THE EXISTING GATT FRAMEWORK. MEETING THE CHALLENGES AND LIMITED OFFICIAL USE

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OPPORTUNITIES WHICH WILL ARISE AS THE FRAMEWORK GROUP MOVES AHEAD IN THESE NEGOTIATIONS WILL THEREFORE BE A MAJOR TASK FOR THE U.S. IN 1977.

9. A. TROPICAL PRODUCTS - THE U.S. HAS MAINTAINED ITS POSITION THAT THE IMPLEMENTATION AND/OR IMPROVEMENT OF ITS MARCH 1, 1976 TROPICAL PRODUCTS (TP) OFFER OF MFN TARIFF CONCESSIONS ON NEARLY 150 PRODUCTS (85 PERCENT OF WHICH ARE IMPORTED FROM LDCS) WOULD REQUIRE "CONTRIBUTIONS" FROM THE PRINCIPAL BENEFICIARY COUNTRIES. THE TP OFFERS OF OTHER DEVELOPED COUNTRIES CONSISTED PRINCIPALLY OF IMPROVEMENTS IN THEIR SYSTEMS OF GSP, WHICH ARE UNILATERAL GRANTS AND FOR WHICH LDC "CONTRIBUTIONS" ARE NOT APPROPRIATE. LDCS AS A GROUP HAVE MAINTAINED THE POSITION THAT LDC "CONTRIBUTIONS" TO THE MTN SHOULD COME AT THE END OF THE NEGOTIATIONS WHEN THE "NET" BENEFITS TO LDCS ARE KNOWN, AND THAT LDC "CONTRIBUTIONS" TO THE NEGOTIATIONS IN ANY MTN GROUP, AND ESPECIALLY IN THE TP GROUP WHICH WAS DESIGNATED AS A SPECIAL AND PRIORITY GROUP IN THE TOKYO DECLARATION, ARE NOT APPROPRIATE.

B. AT ITS OCTOBER 1976 MEETING, THE TP GROUP REVIEWED PROGRESS IN THE TP NEGOTIATIONS, AND REACHED AGREEMENT THAT THE DEVELOPED COUNTRIES SHOULD "WORK TOWARDS" IMPLEMENTING THEIR OFFERS ON JANUARY 1, 1977, OR AS SOON THEREAFTER AS POSSIBLE. THE U.S. WAS ABLE TO JOIN IN THIS CONSENSUS ON THE UNDERSTANDING THAT IT WOULD CONTINUE TO WORK TOWARD IMPLEMENTING ITS TP OFFER BASED ON "CONTRIBUTIONS" FROM THE PRINCIPAL BENEFICIARY LDCS. HOWEVER, THE U.S. ALSO ANNOUNCED THAT IT WOULD CONSIDER IMPLEMENTING THAT PART OF ITS TP OFFER FOR WHICH SUFFICIENT CONTRIBUTIONS WERE FORTHCOMING FROM SOME OF THE PRINCIPAL BENEFICIARIES OF ITS OFFER. OTHER DEVELOPED COUNTRIES ANNOUNCED THAT THEIR TP OFFERS, WITH THE EXCEPTION OF SOME MINOR IMPROVEMENTS UNDER

CONSIDERATION, WERE AS FAR AS THEY WERE PREPARED TO GO UNDER THE PROCEDURES AND PRACTICES IN EFFECT IN THE TP GROUP, THAT LIMITED OFFICIAL USE

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IS, LDC REFUSAL TO CONSIDER MAKING CONTRIBUTIONS TO TRADE LIBERALIZATIONS, AND SOUGHT TO CLOSE OFF THE ACTIVE WORK OF THE TP GROUP. LDCS EXPRESSED APPRECIATION FOR THE OFFERS RECEIVED, BUT NOTED THEIR DISAPPOINTMENT WITH THE LIMITED NUMBER AND DEPTH OF TARIFF CUTS OFFERED ON THE PRODUCTS THEY HAD REQUESTED, THEIR UNCERTAINTY AS TO THE VALUE OF GSP IMPROVEMENTS OFFERED, AND SUCCEEDED IN KEEPING OPEN THE WORK OF THE TP GROUP TO REVIEW LDC UNFULFILLED REQUESTS FOR BOTH TARIFF AND NON-TARIFF CONCESSIONS.

C. THE FOLLOWING COUNTRIES HAVE NOTIFIED THE GATT SECRETARIAT OF THE IMPLEMENTATION OF THEIR TP OFFERS ON JANUARY 1, 1977; EC, AUSTRALIA, SWITZERLAND, NEW ZEALAND, AND THE NORDICS. JAPAN, CANADA, AND AUSTRIA HAVE STATED THAT THEY INTEND TO IMPLEMENT, FOLLOWING PARLIAMENTARY APPROVAL, DURING THE FIRST HALF OF 1977. THE U.S. MTN DEL IS PURSUING BILATERAL CONSULTATIONS/NEGOTIATIONS WITH SEVERAL LDC BENEFICIARY COUNTRIES, WHICH, IF SUCCESSFUL, AND COMBINED WITH "CONTRIBUTIONS" ALREADY IMPLEMENTED BY SEVERAL LDC BENEFICIARIES OF THE U.S. TP OFFER, WOULD PERMIT PARTIAL IMPLEMENTATION OF THE U.S. TP OFFER LATER IN 1977. A FURTHER MEETING OF THE TP GROUP IS EXPECTED TO BE HELD DURING THE FIRST HALF OF 1977 TO REVIEW NEGOTIATIONS IN THE GROUP, AND AT WHICH LDC'S ARE EXPECTED TO CONTINUE TO SEEK IMPROVEMENTS IN THOSE OFFERS ALREADY IMPLEMENTED. END QUOTE END TEXT. WALKER

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